

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

*In the Matter of*

**Paul J. Norstadt,**

*Licensee.*

)  
) No. D 03 - 98  
)  
) ORDER REVOKING LICENSE  
)  
)

To: Paul J. Norstadt  
POB 9605  
Spokane, WA 99209

and Carl J. Oreskovich  
Holden & Oreskovich, P.S.  
P.O. Box 18929  
Spokane, WA 99228-0929

IT IS ORDERED AND YOU ARE HEREBY NOTIFIED that your license is REVOKED, effective July 7, 2003, pursuant to RCW 48.17.530 and 48.17.540(2).

**THIS ORDER IS BASED ON THE FOLLOWING:**

The Office of the Insurance Commissioner (OIC) received a written complaint from Deloris J. Lynn alleging wrong doing on the part of Paul J. Norstadt (licensee). OIC conducted an investigation and a number of violations of the Revised Code of Washington (RCW) and Washington Administrative Code (WAC) were found, as set forth below.

1. **Violations of RCW 48.30.190, Illegally Dealing in Premium, RCW 48.30.210, Misrepresentation in Application for Insurance.**

a. Deloris J. Lynn, through the licensee, completed an application August 6, 2002, for a \$3,000 single premium life policy from American Memorial Life Insurance Company. As instructed by the licensee, August 6, 2002 she wrote a \$3,000 check made payable to Purple Cross Plan and gave it to the licensee. There was no evidence provided by the licensee that the money or application were sent to the company. The licensee deposited Ms. Lynn's check into his Spokane Teachers Credit Union account and then completed a duplicate application with American Memorial Life Insurance Company insuring Ms. Lynn for \$3,000, using September 30, 2002 as the effective date of insurance. The licensee submitted his own \$3,000 check to the company dated September 30, 2002. The check sent by the licensee with the new application was returned by the Spokane Teachers Credit Union marked NSF. The policy was eventually issued by the company and is currently in force.

b. The licensee submitted an application to American Memorial Life Insurance Company on the life of Ellen L. Brooks. The application is dated and allegedly signed by Ms. Brooks, May 11, 2002. However, a Certificate of Death issued by the State of Idaho declares that Ms. Brooks died April 25, 2002.

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c. Leila A. Perkins, through the licensee, completed an application January 3, 2001 for a \$3,000 single premium life policy from American Memorial Life Insurance Company. As instructed by the licensee, January 3, 2001 she wrote a \$3,000 check made payable to Purple Cross Plan and gave it to the licensee. There was no evidence provided by the licensee that the money or application were sent to the company. The licensee completed a duplicate application with American Memorial Life Insurance Company insuring Ms. Lynn for \$3,000, using January 20, 2003 as the effective date of insurance. The licensee submitted a \$3,000 cashier's check to the company dated January 21, 2003.

2. **Violations of RCW 48.17.480, Reporting and accounting for premiums, RCW 48.17.600, Separation of premium funds, RCW 48.30.190, Illegal dealing in premiums and WAC 284-12-080, Requirements for separate accounts.**

a. The licensee, in his capacity as an insurance agent, received funds representing premium payments and failed to pay funds promptly to the company entitled to the funds and diverted such funds to his own use.

b. The licensee, in his capacity as an insurance agent, failed to keep proper records and failed to maintain premiums separate from all other business and personal funds.

By reason of your violations of RCW 48.30.190, RCW 48.30.210, RCW 48.17.480, RCW 48.17.600 and WAC 284-12-080, you have shown yourself to be and are so deemed by the Commissioner, untrustworthy and a source of injury and loss to the public and not qualified to be an insurance agent in the State of Washington. Accordingly, your license is revoked pursuant to RCW 48.17.530(1) (b), (d), (e), & (h).

**IT IS FURTHER ORDERED** that you return your insurance agent's license certificate to the Commissioner on or before the effective date of the revocation of your license, as required by RCW 48.17.530(4).

**NOTICE CONCERNING YOUR RIGHT TO A HEARING.** Please note that a detailed summary of your right to contest this Order is attached. Briefly, if you are aggrieved by this Order, RCW 48.04.010 permits you to demand a hearing. Pursuant to that statute and others: You must demand a hearing, in writing, within 90 days after the date of this Order, which is the day it was mailed to you, or you will waive your right to a hearing. Your demand for a hearing must specify briefly the reasons why you think this Order should be changed. If your demand for a hearing is received by the Commissioner before the effective date of the revocation, then the revocation will be stayed (postponed) pending the hearing, pursuant to RCW 48.04.020. Upon receipt of your demand for hearing, you will be contacted by an assistant of the Chief Hearing Officer to schedule a teleconference with you and the Insurance Commissioner's Office to discuss the hearing and the procedures to be followed.

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Please send any demand for hearing to Insurance Commissioner, attention Scott Jarvis,  
Deputy Insurance Commissioner, Office of the Insurance Commissioner, P.O. Box 40257,  
Olympia, WA 98504-0257.

ENTERED AT TUMWATER, WASHINGTON, this 17<sup>th</sup> day of June, 2003.

MIKE KREIDLER  
Insurance Commissioner

By

SCOTT JARVIS  
Deputy Commissioner

Investigator: Tom Talarico